

Message Text

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FM SECSTATE WASHDC
TO AMEMBASSY CAIRO

S E C R E T STATE 204715

FOR THE AMBASSADOR

E.O. 11652: GDS

TAGS: ETRD, EG, UR, CZ, US

SUBJECT: EGYPTIAN-SOVEIT TRADE RELATIONS

REF: CAIRO 13860

1. WE HAVE DONE SOME PRELIMINARY CHECKING ON BASIS YOUR
INITIAL REPORTING AND THOUGHT YOU WOULD BE INTERESTED IN
FOLLOWING.

2. COTTON: PRELIMINARY STUDY INDICATES THAT EGYPT MIGHT
EXPERIENCE SOME DIFFICULTY IN SHIFTING SALE OF LONG-STAPLE
COTTON FORMERLY EXPORTED TO USSR TO HARD CURRENCY MARKETS.
MARKET PRICE FOR EGYPTIAN COTTON IS NOMINALLY ONE DOLLAR
FIFTY CENTS PER POUND (WHILE SIMILAR SUDANESE COTTON CARRIES
A NOMINAL PRICE OF NINETY CENTS PER POUND). ACCORDING
TO USDA SOURCES, THESE NOMINAL PRICES MAY NOT BE MEANINGFUL

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SINCE EGYPTIANS AND EAST EUROPEANS DELIBERATELY MAY ENGAGE
IN OVER-PRICING. ACCORDING TO USDA, REALISTIC PRICE FOR
EGYPTIAN LONG-STAPLE COTTON MORE LIKELY TO BE IN THE RANGE
OF 25 TO 50 PERCENT ABOVE THE GOING PRICE FOR MEDIUM STAPLE
COTTON. WORLD PRICE FOR MEDIUM-STAPLE COTTON HAS FALLEN
SHARPLY SINCE LAST FEBRUARY FROM EIGHTY-FIVE CENTS TO ABOUT
FIFTY-THREE CENTS PER POUND, AN INDICATION OF BOTH VOLATILITY

AND OVERALL SOFTNESS IN MARKET. PROBLEM FOR EGYPT WOULD BE

EXACERBATED IF OTHER EAST EUROPEANS RETALIATE IN RESPONSE TO EGYPTIAN DECISION TO CUT OFF SALES TO CZECHOSLOVAKIA AND USSR; ROMANIA, EAST GERMANY AND BULGARIA IMPORTED APPROXIMATELY FIFTEEN THOUSAND TONS OF EGYPTIAN COTTON IN 1975-76. BOTTOM LINE IS THAT EGYPT PROBABLY WOULD BE ABLE TO MARKET ITS QUALITY COTTON, BUT AT A PRICE WHICH MIGHT BE SIGNIFICANTLY LOWER THAN (NOMINAL) BOOK VALUE CURRENTLY ASSIGNED TO USSR AND CZECHOSLOVAKIA DEALS.

3. CONCERNING COKING COAL, THERE APPEAR TO BE NO PROBLEMS RE AVAILABILITY. ACCORDING TO ECONOMIC BUREAU IN DEPARTMENT, PRESENT LONG-TERM CONTRACTS WITH JAPANESE ARE PRICED AT ABOUT 58-60 DOLLARS PER TON (LARGE QUANTITY, LONG-TERM CONTRACTS). U.S. PROBABLY COULD EXPAND PORTION OF CIP PROGRAM USED FOR COKING COAL WITHOUT ANY PROBLEM.
CHRISTOPHER

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NNN

Message Attributes

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